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Foot & Mouth Disease (FMD) in Brazil

An outbreak of FMD was diagnosed in 3 cattle from a herd of 130 in Monte Alegre District, State of Para on June 17, 2004. The risk of spread is low as the affected farm is positioned near the Amazon River, where there are few roads, movements are mainly by waterway, and access is difficult. In response to the media reports, Sergei Dankvert of Russia's Federal Veterinary and Sanitary Service have stopped accepting veterinary certificates for all meat and feed from animals in Brazil. Russia has still not received official confirmation from the country's veterinary services, though they are prepared to restrict imports on a regionalized basis. Brazil expects exports to resume once the official communication process begins.

Source: OIE/ISID ProMED-mail/Brazil's Department of Agriculture

Summary of Mexican Government Study on the Effects of NAFTA on Mexican Agriculture

Results from the "Full Evaluation of the Impacts and Implementation of the Agriculture Chapter of the North American Free Trade Agreement" mandated by Mexico's National Agreement on Agriculture (April 2003) are now available. The original Spanish study was done by José Romero and Alicia Puyana with the help of others.

The study investigates the effects of the North American Free Trade Agreement (NAFTA) effective January 1, 1994 on Mexico's agriculture sector. The report calls attention to the difficulty in accrediting trends specifically linked to NAFTA, given the convolution of factors influencing the sector and the impacts of conditions and policies preceding the agreement.

The authors have highlighted five key characteristics of Mexico's agriculture sector: a dual production model, low productivity, poor financing, rural poverty, and the long-term contraction of the Mexican agriculture sector. The dual production model exposes the diversity of the sector as it ranges from small-scale subsistence farms (majority) to large, sophisticated operations. The authors reason small operations have potential to be as productive as large-scale farms, however a shortage of credit and investment in rural Mexico has stifled their productive capacity.

Over the past decade, Mexican agriculture has realized mixed results. Despite setbacks and perpetual deficiencies, several important gains have been made, such as the growth of fruit and legume exports a direct result of the increased access to the North American market, meeting with pre-NAFTA expectations. Additionally, the degree of concentration of agricultural exports has decreased, while Mexico's level of "food dependence" and total food consumption have increased. Productivity gains have also been attained, though productivity per worker lags behind that of competing countries.

The sector has also experienced a few less positive trends, such as increased poverty and unemployment, spawning other influential factors. Agriculture exports and imports are highly sensitive to exchange rate fluctuations. The appreciation of the peso has hurt exporting producers and encouraged imports. Despite the expected unemployment, the balance of the economy has been unsuccessful in absorbing the surplus and those still employed are suffering from a decline in salary as a result of declining prices for agricultural goods.

In conclusion, a long-term strategy aimed at streamlining and enhancing government programs has been recommended to boost rural employment, agricultural productivity, and agriculture's share of

the country's GDP as it's current programs have been insufficient and unsuccessful.

Source: USDA FAS/USDA AMS Poultry Market News/NAFTA Secretariat

U.S. Market Share of Mexico's Poultry Imports : Post-NAFTA

Years	<u>Chicken</u>				<u>Turkey</u>			
	Whole	Parts	Processed	Total	Whole	Parts	Processed	Total
	%	%	%	%	%	%	%	%
1996	100	100	100	100	100	100	97	100
1997	100	100	100	100	100	100	93	99
1998	100	100	100	100	100	100	96	100
1999	100	100	99	100	61	99	97	98
2000	91	99	100	99	47	99	95	98
2001	61	98	100	98	41	99	93	97
2002	65	98	98	98	93	99	92	98

Source: USDA FAS/United Nations Trade Statistics/Mexico's Secretary of Economy/Mexican Census

Mexico's Poultry Imports (MT)

<u>Pre-NAFTA</u>				<u>Post-NAFTA</u>			
				Chicken	Turkey	Poultry	
Years	Qty	Qty	Qty	Years	Qty	Qty	Qty
1985	18,592	0	18,592	1994	124,143	70,211	215,268
1986	19,118	0	19,118	1995	118,733	70,726	202,295
1987	21,752	0	21,752	1996	115,290	82,910	211,570
1988	75,291	2,604	79,252	1997	157,149	105,084	277,397
1989	38,694	3,793	53,929	1998	174,688	108,788	300,485
1990	40,415	3,088	65,988	1999	182,798	117,153	316,949
1991	61,239	22,844	104,199	2000	212,146	132,391	362,032
1992	85,787	39,384	146,063	2001	227,913	141,127	388,424
1993	113,269	56,723	192,378	2002	247,232	137,707	399,260

Mexico's Poultry Exports (MT)

<u>Pre-NAFTA</u>				<u>Post-NAFTA</u>			
				Chicken	Turkey	Poultry	
Years	Qty	Qty	Qty	Years	Qty	Qty	Qty
1985	0	0	0	1994	2458	83	2637
1986	0	0	0	1995	4587	0	4790
1987	11	0	11	1996	5412	0	6059
1988	6	4	10	1997	2781	2364	6456
1989	2437	20	2461	1998	3631	411	4737
1990	5857	0	5870	1999	3747	3611	7731
1991	5163	0	5164	2000	1479	7917	10876
1992	4249	0	4249	2001	1407	7651	10218
1993	2325	0	2347	2002	289	6301	7334

Mexico's Egg Imports (MT)

<u>Pre-NAFTA</u>			<u>Post-NAFTA</u>		
			Shell Eggs	Liq/Dried Eggs	
Years	Qty	Qty	Years	Qty	Qty
1985	114	0	1994	7,551	4,239
1986	47	0	1995	4,030	3,632
1987	259	0	1996	8,090	1,290
1988	10,776	6	1997	11,910	490
1989	7,136	490	1998	12,172	902
1990	3,154	1,100	1999	7,350	502
1991	5,400	1,797	2000	9,495	1,394
1992	5,670	3,397	2001	8,779	1,419
1993	5,420	4,416	2002	9,733	1,547

Source: Food and Agriculture Organization

Inspected Egg Products-U.S. & Canada Export/Import Trade**U.S. Exports to Canada, in Pounds (000) (Preliminary)**

Week Ending June 12, 2004		Year-To-Date		
TYPE	2004	2003 /1	2004	2003
LIQUID	357	608	4,405	6,854
FROZEN	0	0	11	63
DRIED	27	0	305	231
TOTAL	384	608	4,721	7,148

U.S. Imports From Canada, in Pounds (000) (Preliminary)

Week Ending June 12, 2004		Year-To-Date		
TYPE	2004	2003 /1	2004	2003
LIQUID	200	151	2,495	2,469
FROZEN	11	2	650	1,445
DRIED	0	0	1,259	640
TOTAL	211	153	4,404	4,554

Inspected Shell Eggs**U.S Exports To Canada, In 30-Dozen Cases (Preliminary)**

Week Ending June 12, 2004		Year-To-Date		
TYPE	2004	2003 /1	2004	2003
JUMBO	17	15	197	226
EXTRA LARGE	200	1,145	12,817	8,835
LARGE	4,766	3,440	44,277	39,219
MEDIUM	1,160	1,500	29,300	26,722
UNGRADED	8,820	2,160	137,734	27,366
MISC	750	0	12,794	3,432
TOTAL	15,713	8,260	237,119	105,800

/1Comparable Week, to-date figures may not total due to rounding.

Data Source: Agriculture and Agri-Food Canada, AISD, AID, Poultry Section
Source: USDA/AMS Poultry Programs, Market News Branch.**CENTRAL REGION MECHANICALLY SEPARATED CHICKEN**

F.O.B. SHIPPER DOCK OR EQUIVALENT, PRICES NEGOTIATED FOR MECHANICALLY SEPARATED CHICKEN IN THE CENTRAL REGION IN TRUCKLOT AND LESS THAN TRUCKLOT VOLUMES, CENTS PER POUND, DELIVERY WITHIN TWO WEEKS.

June 18, 2004				
CHICKEN		PRICES — VOLUME —		
		(Cents per Pound)		

FAT	FROZEN	FRESH	TOTAL	EXPORT
CONTENT				
15% OR LESS				
RANGE	-	-	-	-
WTD AVERAGE				

CHICKEN, WITH SKIN ADDED

PRICES — VOLUME —				
(Cents per Pound)				

FAT	FROZEN	FRESH	TOTAL	EXPORT
CONTENT				
15% OR LESS				
RANGE	-	17.00	81,600	-
WTD AVERAGE		17.00		
15-20%				
RANGE	13.75-19.00	11.00-18.00	4,213,800	1,777,600
WTD AVERAGE	16.38	14.12		
20% OR MORE				
RANGE	-	-	-	-
WTD AVERAGE				

* INCLUDES THE STATES of AL, AR, IA, IL, IN, KS, KY, LA, MI, MN, MO, MS, ND, NE, OK, OH, SD, TN, TX, WI

LIVE POULTRY SLTRD UNDER INSPECTION W/E 12-Jun-04
(PRELIMINARY)**U.S. FOWL SLAUGHTERED DOMESTICALLY**

	LIGHT HENS	HEAVY HENS	TOTAL HENS
THOUSANDS			
HEAD	1,456	1,341	2,797
LAST WEEK	1,112	1,261	2,373
SAME WEEK YR AGO	1,573	1,654	3,227
TO-DATE/2004	30,238	29,522	59,760
TO-DATE/2003	38,651	31,045	69,696

U.S. FOWL SLAUGHTERED IN CANADA

	LIGHT HENS	HEAVY HENS	TOTAL HENS
THOUSANDS			
HEAD	401	0	401
LAST WEEK	256	0	256
SAME WEEK YR AGO	292	9	301
TO-DATE/2004	5,679	69	5,748
TO-DATE/2003	5,716	79	5,795

Data Source: Agriculture and Agri-Food Canada, AISD, AID, Poultry Section

TOTAL U.S. FOWL SLAUGHTERED IN THE U.S. AND CANADA

	LIGHT HENS	HEAVY HENS	TOTAL HENS
THOUSANDS			
HEAD	1,857	1,341	3,198
LAST WEEK	1,368	1,261	2,629
SAME WEEK YR AGO	1,865	1,663	3,528
TO-DATE/2004	35,917	29,591	65,508
TO-DATE/2003	44,367	31,124	75,491

Source: USDA/AMS Poultry Programs, Market News Branch

EASTERN REGION MECHANICALLY SEPARATED CHICKEN

F.O.B. SHIPPER DOCK OR EQUIVALENT, PRICES NEGOTIATED FOR MECHANICALLY SEPARATED CHICKEN IN THE EASTERN REGION IN TRUCKLOT AND LESS THAN TRUCKLOT VOLUMES, CENTS PER POUND, DELIVERY WITHIN TWO WEEKS.

June 18, 2004				
CHICKEN		PRICES — VOLUME —		
		(Cents per Pound)		

FAT	FROZEN	FRESH	TOTAL	EXPORT
CONTENT				
15% OR LESS				
RANGE	-	-	-	-
WTD AVERAGE				

CHICKEN, WITH SKIN ADDED

PRICES — VOLUME —				
(Cents per Pound)				

FAT	FROZEN	FRESH	TOTAL	EXPORT
CONTENT				
15% OR LESS				
RANGE	16.00-17.00	16.00	1,172,000	572,000
WTD AVERAGE	16.26	16.00		
15-20%				
RANGE	16.00-19.00	13.00-21.50	2,316,800	1,196,000
WTD AVERAGE	17.48	17.14		
20% OR MORE				
RANGE	-	12.00	160,000	-
WTD AVERAGE		12.00		

* INCLUDES THE STATES of CT, DE, FL, GA, MA, MD, ME, NC, NH, NJ, NY, PA, RI, SC, VA, VT, WV

NATIONAL YOUNG TURKEY PARTS AND BULK MEAT, FROZEN (UNLESS SPECIFIED), CENTS PER LB., DELIVERED FIRST RECEIVERS, PART AND FULL TRUCKLOTS AS OF JUNE 18, 2004.

The white meat trade sentiment was steady to instances firm on breast meat, steady on breast trim, steady to barely steady on destrapped tenderloins, scapula and wing meat with skin. Demand on fresh tom breast meat was fair to good, destrapped tenderloins light at best, balance of white meat slow to moderate. Offerings of tom breast meat were held with confidence, destrapped tenderloins adequate to fully adequate, breast trim light to adequate, fresh wing meat with skin and scapula adequate with frozen adequate to ample. Trade sentiment on retail and institutional sized rib breasts steady to fully steady. Retail 4-8 lb. breast demand light to fair, institutional sizes fair to good. Offerings light to adequate. Export demand fair to good on thigh meat as processors continued to move excess product into export channels. Increased export activity was also being noted on tom drums. Export trading was heavy on frozen thigh meat and moderate on tom drums, domestic light to fair. For domestic: frozen Grade 4-8lb. breasts 94 delivered August, fresh tom wings 35, fresh scapula 104-105, frozen plant grade basted 20-24 lb. breasts 120 cents delivered current. Fresh tom drums 33 cents delivered export.

FRIDAY, JUNE 18, 2004**EXPORT TRADING**

	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)	WEEKLY WTD AVG PRICE	WEEKLY VOLUME (000)
DRUMSTICKS, TOMS	32.50-35.00		33.75	400	33.44	640
WINGS FULL-CUT - TOMS						
WINGS, V-TYPE, TOM						
TAILS		R	34.00	40	34.00	40
MECHANICALLY SEPARATED 2/	22.00		22.00	104	28.09	352
THIGH MEAT - FROZEN	63.25-68.00		64.51	976	64.50	2,816

THURSDAY, JUNE 17, 2004**EXPORT TRADING**

	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)
DRUMSTICKS, TOMS	33.00		33.00	40
WINGS FULL-CUT - TOMS				
WINGS, V-TYPE, TOM				
TAILS	34.00		34.00	40
MECHANICALLY SEPARATED 2/	30.00-34.00		30.65	248
THIGH MEAT - FROZEN	54.00-74.00		63.76	1,644

WEDNESDAY, JUNE 16, 2004**EXPORT TRADING**

	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)
DRUMSTICKS, TOMS	32.50-33.00		32.75	80
WINGS FULL-CUT - TOMS				
WINGS, V-TYPE, TOM				
TAILS		F	35.50	40
MECHANICALLY SEPARATED 2/				
THIGH MEAT - FROZEN	70.00		70.00	52

TUESDAY, JUNE 15, 2004**EXPORT TRADING**

	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)
DRUMSTICKS, TOMS	33.00		33.00	40
WINGS FULL-CUT - TOMS		T	40.00	40
WINGS, V-TYPE, TOM				
TAILS		F	35.50	40
MECHANICALLY SEPARATED 2/				
THIGH MEAT - FROZEN	72.00		72.00	104

MONDAY, JUNE 14, 2004**EXPORT TRADING**

	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)
DRUMSTICKS, TOMS	33.00		33.00	80
WINGS FULL-CUT - TOMS		T	40.00	40
WINGS, V-TYPE, TOM				
TAILS		F	35.50	40
MECHANICALLY SEPARATED 2/				
THIGH MEAT - FROZEN	68.00		68.00	40

1/ CODES FOR LAST SIGNIFICANT TRADE (L.S.T.): M=MONDAY T=TUESDAY W=WEDNESDAY R=THURSDAY F=FRIDAY

2/ Product contains 15-20% fat with skin added.